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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 2, 2003

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. PUE-2001-00072

AUBON WATER COMPANY,

Defendant

ORDER EXTENDING EMERGENCY RATES, DIRECTING
REPORTS BY RECEIVER AND STAFF, AND SETTING HEARING

On May 10, 2002, the State Corporation Commission ("Commission") approved the application of Aubon Water Company ("Aubon") by its Receiver, David G. Petrus ("Receiver") for emergency rates, pursuant to Virginia Code § 56-245. The Commission further ordered the Staff to investigate the application and file a report on July 30, 2002, and directed Aubon to cooperate fully with the Staff investigation.

On July 31, 2002, the Commission granted Staff's Motion to Modify Procedure and vacated the filing date for Staff's Report, pending the closing of the loan to finance improvements for Aubon's Long Island Estates subdivision. The loan from the Virginia Drinking Water State Revolving Fund Program has now closed.

On December 4, 2002, the Receiver filed notice of surcharge adjustment for Long Island Estates water treatment filter

upgrade. The Staff filed notice of acceptance of filing on a temporary basis on December 18, 2002.

The Receiver requested in his surcharge adjustment filing on December 4, 2002, that Case Nos. PUE-1998-00628 and PUE-1999-00002 be closed, due to completion of the Long Island Estates water treatment system in August 2002 and the loan closing.

The Commission finds that the Receiver should file a report in this case, consistent with the Commission's Order Extending Appointment of Receiver and Approving Amended Plan of Receivership, issued March 30, 2001, on or before January 16, 2003. The Receiver shall include in his report the information requested by Staff in the notice of acceptance of the surcharge for filing, which is repeated below:

(1) A complete accounting of the revenues collected via the Long Island Estates surcharge by month since its approval on May 10, 2002;

(2) When will the first payment on the VDH loan be due and payable;

(3) A description of all improvements and repairs made to Aubon's systems. Please provide the cost of each item and separate the information pertaining to the greens and filters project at Long Island Estates from other Aubon operations;

(4) A description of any remaining repairs needed at any of Aubon's systems;

(5) The status of Aubon's debts (include any outstanding amounts owed to Petrus Environmental Services for management services);

(6) The status of the transfer of Franklin Heights to the Town of Rocky Mount (has the final transfer been made?); and

(7) The status of the \$50,000 consideration to be paid by the Town of Rocky Mount for the Franklin Heights system (has any of this sum been paid?). What are your recommendations on how the \$50,000 should be expended? Is it likely that Aubon may receive additional compensation from the Town of Rocky Mount if all of the customers have not migrated off of Aubon's system by January 1, 2003?

The Commission further finds that Staff should complete its investigation and file its Staff Report or testimony regarding its investigation of the emergency rates approved on or before January 27, 2003. Staff may also address any and all matters included in the Receiver's report ordered herein.

A public hearing should be convened in this case on February 5, 2003, at 10:00 a.m., in the hearing rooms of the Commission, located at 1300 East Main Street, Richmond, Virginia, to consider reports of the Receiver and Staff and to consider making the emergency rates permanent.

Pursuant to 5 VAC 5-20-120, the Commission finds that Case No. PUE-2001-00072 should be assigned to a hearing examiner to conduct the hearing on February 5, 2005, and to conduct all further proceedings on behalf of the Commission in this case and in Case No. PUE-1998-00628, Case No. PUE-1999-00002, and PUE-2000-00567.

The Commission finds that a copy of this Order should be mailed directly by the Receiver to all customers served in the Long Island Estates subdivision, on or before January 16, 2003. The Receiver shall provide copies of the Receiver's report ordered herein to customers of the Long Island Estates subdivision upon request.

Copies of the Staff Report ordered herein are available for public inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia.

The Commission finds that the procedural schedule now established requires extension of the emergency rates presently approved on an interim basis. Pursuant to Virginia Code § 56-245, the Commission finds that the emergency rates approved in this case shall be extended until further order of the Commission but, in any event, no later than May 9, 2003.

Accordingly, IT IS ORDERED THAT:

(1) The emergency rates approved on May 10, 2002, are hereby extended, pursuant to Virginia Code § 56-245, until further order of the Commission but, in any event, no later than May 9, 2003.

(2) The Receiver is hereby ordered to file his Report to the Commission no later than January 16, 2003, consistent with the findings above.

(3) The Staff is hereby directed to conclude its investigation and to file its Report or testimony on or before January 27, 2003, consistent with the findings above.

(4) A public hearing will be convened on February 5, 2003, at 10:00 a.m. in the Hearing Rooms of the Commission located on the second floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the Report of the Staff investigation and the Report of the Receiver and to consider making the emergency rates permanent.

(5) The Commission hereby assigns to a hearing examiner Case Nos. PUE-2001-00072, PUE-1998-00628, PUE-1999-00002, and PUE-2000-00567, pursuant to 5 VAC 5-20-120 and consistent with the findings above.

(6) The Receiver is ordered to give notice of the hearing on the Reports of the Receiver and Staff and on the emergency rates, to be convened on February 5, 2003, at 10:00 a.m., by mailing by U.S. mail, first class, postage prepaid, a copy of this Order to all customers served in the Long Island Estates subdivision, consistent with the findings above. The Receiver is directed to file proof of notice given on or before January 16, 2003.